

## Public Testimony to Housing Committee of the Connecticut General Assembly

Madam Chair and Members of the Committee,

My name is Edward Goetz, I am professor of urban and regional planning and Director of the Center for Urban and Regional Affairs at the University of Minnesota, and lead author of the Rent Stabilization Study for the City of Minneapolis.

I write to encourage you to closely consider the published research on rent stabilization that has been produced over the years. There has been much written about rent control but only a portion of that is empirical research on how actual programs of rent stabilization has performed in actual cities. Here I am drawing a distinction between the theoretical writings of economists about what they think housing markets will do, and studies of what has actually happened in cities with rent stabilization. I also want to draw a distinction between studies of contemporary forms of rent stabilization and older, inflexible versions dating to the early 20<sup>th</sup> Century. Modern rent stabilization contains many features that make it a flexible and effective tool for protecting tenants and landlords, and producing housing stability.

I want to focus on six lessons from the empirical research on rent stabilization programs. First, rent stabilization generally works to keep the rate of rent increases lower over time. That is, it achieves its central objective. Although achievement of that objective can be thwarted by provisions such as vacancy decontrol and overly generous exceptions.

Second, there is NO evidence that rent stabilization reduces the rate of new housing construction. This is undoubtedly due to the fact that modern forms of rent stabilization exempt newly constructed units for some period of time.

Third, there is no consistent evidence that rent stabilization leads to major and widespread decline in housing quality. This is likely due to the provisions for pass-through of major expenses and provisions for “reasonable rate of return” for owners.

Fourth, there is evidence that landlords and owners may attempt to avoid rent regulations by removing units from the market, through demolition or condo-conversion or some other means. This impact, however, is not an inherent part of rent stabilization but rather the result of landlord attempts to avoid their responsibilities under the law.

Fifth, there is some evidence of decline in minor, aesthetic maintenance in units as landlords shift revenues away from daily maintenance. It is important to note that this does not extend to major components of housing quality (as I noted in my third point).

Sixth, there is consistent evidence that it protects rents in place and produces greater housing stability for residents.

The decision to create rent stabilization will involve several important policy design decisions that will allow you to enact responsible, effective protections for tenants that will not harm the housing market or the housing stock. This can be done and has been done in countless communities across the country.

Thank you.